



WELLTON-MOHAWK

IRRIGATION AND DRAINAGE DISTRICT

30570 WELLTON-MOHAWK DRIVE, WELLTON, ARIZONA 85356

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19 October 2004

Ms. Jean Gray
Assistant Regional Manager for Power Marketing
Western Area Power Administration
Desert Southwest Region
PO Box 6457
Phoenix, AZ 85005-6457

Re: Parker-Davis Project, Firm Electric Service Contract Extension

Dear Ms. Gray:

There has been extensive dialog regarding the Parker-Davis Project contract extensions, with a great deal of emphasis on concerns regarding Section 12. We understand that there are Firm Electric Service contractors in favor of the proposed contract language, while others are definitely opposed.

It appears that those customers who are opposed to the provisions of Section 12 are perhaps overly concerned with the negative implications, and are either deliberately or inadvertently ignoring the positive aspects provided therein. Without Section 12, discretionary action on the part of the Administrator is not allowed. This was recently demonstrated when the lack of contract language providing for review of a specific situation allowed at least one entity to lose its preference allocation of CRSP energy and capacity.

Wellton-Mohawk is confident that Western's current efforts are directed at assuring that this type of situation does not recur. It seems obvious to the District that Section 12 could provide a mechanism authorizing the Administrator to work with an individual customer to prevent the loss of an essential federal hydropower resource.

It is the District's understanding that every action taken by the Federal Government has "built-in" provisions for appealing an unsatisfactory outcome. Ideally, those Firm Electric Customers who are somewhat hesitant will bear this in mind, and not feel quite so threatened by Section 12's provisions for Administrator review.

On the issue of advance funding, Wellton-Mohawk has no problem with Western's billing for Firm Electric Service one month in advance. Your agency has, at several meetings in the past year, detailed its justifications for requesting advance funding, and

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we feel your reasoning is sound. Customers at those meetings seemed to be in agreement with the contract language that Western added in order to provide its necessary revenue stream. It has long appeared to Wellton-Mohawk that any problems with this part of the contract have been resolved. We sincerely hope that there are not customers wanting to revisit this issue.

The bottom line is that hydro is an environmentally friendly, low cost and definitely finite resource. The longer this process is extended, the higher the probability that existing customers may lose portions of their allocations to emerging entities. We once again request that Western complete this contract revision process as quickly as possible, and forward the contracts for execution.

Sincerely yours,

Wellton-Mohawk Irrigation
and Drainage District

A handwritten signature in dark ink, appearing to read "C W Slocum". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Charles W. Slocum
General Manager

Copies provided electronically to Firm Electric Service customers